

AN ACT in relation to budget implementation.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Illinois Public Aid Code is amended by changing Sections 5A-1, 5A-2, 5A-4, and 5A-12 as follows:

(305 ILCS 5/5A-1) (from Ch. 23, par. 5A-1)

Sec. 5A-1. Definitions. As used in this Article, unless the context requires otherwise:

"Fund" means the Hospital Provider Fund.

"Hospital" means an institution, place, building, or agency located in this State that is subject to licensure by the Illinois Department of Public Health under the Hospital Licensing Act, whether public or private and whether organized for profit or not-for-profit.

"Hospital provider" means a person licensed by the Department of Public Health to conduct, operate, or maintain a hospital, regardless of whether the person is a Medicaid provider. For purposes of this paragraph, "person" means any political subdivision of the State, municipal corporation, individual, firm, partnership, corporation, company, limited liability company, association, joint stock association, or trust, or a receiver, executor, trustee, guardian, or other representative appointed by order of any court.

"Occupied bed days" means the sum of the number of days that each bed was occupied by a patient for all beds during calendar year 2001. Occupied bed days shall be computed separately for each hospital operated or maintained by a hospital provider.

"Proration factor" means a fraction, the numerator of which is 53 and the denominator of which is 365.

(Source: P.A. 93-659, eff. 2-3-04.)

(305 ILCS 5/5A-2) (from Ch. 23, par. 5A-2)

(Section scheduled to be repealed on July 1, 2005)

Sec. 5A-2. Assessment; no local authorization to tax.

(a) Subject to Sections 5A-3 and 5A-10, an annual assessment on inpatient services is imposed on each hospital provider in an amount equal to the hospital's occupied bed days multiplied by \$84.19 multiplied by the proration factor for State fiscal year ~~years~~ 2004 and the hospital's occupied bed days multiplied by \$84.19 for State fiscal year 2005., ~~if the payment methodologies required under 5A-12 and the waiver granted under 42 CFR 433.68 are approved with an effective date prior to July 1, 2004; or the assessment will be imposed for fiscal year 2005 only, if the payment methodologies required under Section 5A-12 and the waiver granted under 42 CFR 433.68 are approved with an effective date on or after July 1, 2004.~~

The Department of Public Aid shall use the number of occupied bed days as reported by each hospital on the Annual Survey of Hospitals conducted by the Department of Public Health to calculate the hospital's annual assessment. If the sum of a hospital's occupied bed days is not reported on the Annual Survey of Hospitals or if there are data errors in the reported sum of a hospital's occupied bed days as determined by the Department of Public Aid, then the Department of Public Aid may obtain the sum of occupied bed days from any source available, including, but not limited to, records maintained by the hospital provider, which may be inspected at all times during business hours of the day by the Department of Public Aid or its duly authorized agents and employees.

(b) Nothing in this amendatory Act of the 93rd General Assembly shall be construed to authorize any home rule unit or other unit of local government to license for revenue or to impose a tax or assessment upon hospital providers or the occupation of hospital provider, or a tax or assessment measured by the income or earnings of a hospital provider.

(c) As provided in Section 5A-14, this Section is repealed on July 1, 2005.

(Source: P.A. 93-659, eff. 2-3-04; 93-841, eff. 7-30-04.)

(305 ILCS 5/5A-4) (from Ch. 23, par. 5A-4)

Sec. 5A-4. Payment of assessment; penalty.

(a) The annual assessment imposed by Section 5A-2 for State fiscal year 2004 shall be due and payable on June 18 of the year. The assessment imposed by Section 5A-2 for State fiscal year 2005 shall be due and payable in quarterly installments, each equalling one-fourth of the assessment for the year, on July 19, October 19, January 18, and April 19 of the year. No installment payment of an assessment imposed by Section 5A-2 shall be due and payable, however, until after: (i) the hospital provider receives written notice from the Department of Public Aid that the payment methodologies to hospitals required under Section 5A-12 have been approved by the Centers for Medicare and Medicaid Services of the U.S. Department of Health and Human Services and the waiver under 42 CFR 433.68 for the assessment imposed by Section 5A-2 has been granted by the Centers for Medicare and Medicaid Services of the U.S. Department of Health and Human Services; and (ii) the hospital has received the payments required under Section 5A-12. Upon notification to the Department of approval of the payment methodologies required under Section 5A-12 and the waiver granted under 42 CFR 433.68, all quarterly installments otherwise due under Section 5A-2 prior to the date of notification shall be due and payable to the Department upon written direction from the Department ~~within 30 days of the date of notification.~~

(b) The Illinois Department is authorized to establish delayed payment schedules for hospital providers that are unable to make installment payments when due under this Section due to financial difficulties, as determined by the Illinois Department.

(c) If a hospital provider fails to pay the full amount of an installment when due (including any extensions granted under subsection (b)), there shall, unless waived by the Illinois

Department for reasonable cause, be added to the assessment imposed by Section 5A-2 a penalty assessment equal to the lesser of (i) 5% of the amount of the installment not paid on or before the due date plus 5% of the portion thereof remaining unpaid on the last day of each 30-day period thereafter or (ii) 100% of the installment amount not paid on or before the due date. For purposes of this subsection, payments will be credited first to unpaid installment amounts (rather than to penalty or interest), beginning with the most delinquent installments.

(Source: P.A. 93-659, eff. 2-3-04; 93-841, eff. 7-30-04.)

(305 ILCS 5/5A-12)

(Section scheduled to be repealed on July 1, 2005)

Sec. 5A-12. Hospital access improvement payments.

(a) To improve access to hospital services, for hospital services rendered on or after June 1, 2004, the Department of Public Aid shall make payments to hospitals as set forth in this Section, except for hospitals described in subsection (b) of Section 5A-3. These payments shall be paid on a quarterly basis. For State fiscal year 2004, if the effective date of the approval of the payment methodology required under this Section and the waiver granted under 42 CFR 433.68 by the Centers for Medicare and Medicaid Services of the U.S. Department of Health and Human Services is prior to July 1, 2004, the Department shall pay the total amounts required for fiscal year 2004 under this Section within 75 ~~25~~ days of the latest notification. No payment shall be made for State fiscal year 2004 if the effective date of the approval is on or after July 1, 2004. In State fiscal year 2005, the total amounts required under this Section shall be paid in 4 equal installments on or before July 15, October 15, January 14, and April 15 of the year, except that if the date of notification of the approval of the payment methodologies required under this Section and the waiver granted under 42 CFR 433.68 is on or after July 1, 2004, the sum of amounts required under this Section prior to the date of

notification shall be paid within 75 ~~25~~ days of the date of the last notification. Payments under this Section are not due and payable, however, until (i) the methodologies described in this Section are approved by the federal government in an appropriate State Plan amendment, (ii) the assessment imposed under this Article is determined to be a permissible tax under Title XIX of the Social Security Act, and (iii) the assessment is in effect.

(b) High volume payment. In addition to rates paid for inpatient hospital services, the Department of Public Aid shall pay, to each Illinois hospital that provided more than 20,000 Medicaid inpatient days of care during State fiscal year 2001 (except for hospitals that qualify for adjustment payments under Section 5-5.02 for the 12-month period beginning on October 1, 2002), \$190 for each Medicaid inpatient day of care provided during that fiscal year. A hospital that provided less than 30,000 Medicaid inpatient days of care during that period, however, is not entitled to receive more than \$3,500,000 per year in such payments.

(c) Medicaid inpatient utilization rate adjustment. In addition to rates paid for inpatient hospital services, the Department of Public Aid shall pay each Illinois hospital (except for hospitals described in Section 5A-3), for each Medicaid inpatient day of care provided during State fiscal year 2001, an amount equal to the product of \$57.25 multiplied by the quotient of 1 divided by the greater of 1.6% or the hospital's Medicaid inpatient utilization rate (as used to determine eligibility for adjustment payments under Section 5-5.02 for the 12-month period beginning on October 1, 2002). The total payments under this subsection to a hospital may not exceed \$10,500,000 annually.

(d) Psychiatric base rate adjustment.

(1) In addition to rates paid for inpatient psychiatric services, the Department of Public Aid shall pay each Illinois general acute care hospital with a distinct part-psychiatric unit, for each Medicaid inpatient

psychiatric day of care provided in State fiscal year 2001, an amount equal to \$400 less the hospital's per-diem rate for Medicaid inpatient psychiatric services as in effect on October 1, 2003. In no event, however, shall that amount be less than zero.

(2) For distinct part-psychiatric units of Illinois general acute care hospitals, except for all hospitals excluded in Section 5A-3, whose inpatient per-diem rate as in effect on October 1, 2003 is greater than \$400, the Department shall pay, in addition to any other amounts authorized under this Code, \$25 for each Medicaid inpatient psychiatric day of care provided in State fiscal year 2001.

(e) Supplemental tertiary care adjustment. In addition to rates paid for inpatient services, the Department of Public Aid shall pay to each Illinois hospital eligible for tertiary care adjustment payments under 89 Ill. Adm. Code 148.296, as in effect for State fiscal year 2003, a supplemental tertiary care adjustment payment equal to the tertiary care adjustment payment required under 89 Ill. Adm. Code 148.296, as in effect for State fiscal year 2003.

(f) Medicaid outpatient utilization rate adjustment. In addition to rates paid for outpatient hospital services, the Department of Public Aid shall pay each Illinois hospital (except for hospitals described in Section 5A-3), an amount equal to the product of 2.45% multiplied by the hospital's Medicaid outpatient charges multiplied by the quotient of 1 divided by the greater of 1.6% or the hospital's Medicaid outpatient utilization rate. The total payments under this subsection to a hospital may not exceed \$6,750,000 annually.

For purposes of this subsection:

"Medicaid outpatient charges" means the charges for outpatient services provided to Medicaid patients for State fiscal year 2001 as submitted by the hospital on the UB-92 billing form or under the ambulatory procedure listing and adjudicated by the Department of Public Aid on or before September 12, 2003.

"Medicaid outpatient utilization rate" means a fraction, the numerator of which is the hospital's Medicaid outpatient charges and the denominator of which is the total number of the hospital's charges for outpatient services for the hospital's fiscal year ending in 2001.

(g) State outpatient service adjustment. In addition to rates paid for outpatient hospital services, the Department of Public Aid shall pay each Illinois hospital an amount equal to the product of 75.5% multiplied by the hospital's Medicaid outpatient services submitted to the Department on the UB-92 billing form for State fiscal year 2001 multiplied by the hospital's outpatient access fraction.

For purposes of this subsection, "outpatient access fraction" means a fraction, the numerator of which is the hospital's Medicaid payments for outpatient services for ambulatory procedure listing services submitted to the Department on the UB-92 billing form for State fiscal year 2001, and the denominator of which is the hospital's Medicaid outpatient services submitted to the Department on the UB-92 billing form for State fiscal year 2001.

The total payments under this subsection to a hospital may not exceed \$3,000,000 annually.

(h) Rural hospital outpatient adjustment. In addition to rates paid for outpatient hospital services, the Department of Public Aid shall pay each Illinois rural hospital an amount equal to the product of \$14,500,000 multiplied by the rural hospital outpatient adjustment fraction.

For purposes of this subsection, "rural hospital outpatient adjustment fraction" means a fraction, the numerator of which is the hospital's Medicaid visits for outpatient services for ambulatory procedure listing services submitted to the Department on the UB-92 billing form for State fiscal year 2001, and the denominator of which is the total Medicaid visits for outpatient services for ambulatory procedure listing services for all Illinois rural hospitals submitted to the Department on the UB-92 billing form for State

fiscal year 2001.

For purposes of this subsection, "rural hospital" has the same meaning as in 89 Ill. Adm. Code 148.25, as in effect on September 30, 2003.

(i) Merged/closed hospital adjustment. If any hospital files a combined Medicaid cost report with another hospital after January 1, 2001, and if that hospital subsequently closes, then except for the payments described in subsection (e), all payments described in the various subsections of this Section shall, before the application of the annual limitation amount specified in each such subsection, be multiplied by a fraction, the numerator of which is the number of occupied bed days attributable to the open hospital and the denominator of which is the sum of the number of occupied bed days of each open hospital and each closed hospital. For purposes of this subsection, "occupied bed days" has the same meaning as the term is defined in subsection (a) of Section 5A-2.

(j) For purposes of this Section, the terms "Medicaid days", "Medicaid charges", and "Medicaid services" do not include any days, charges, or services for which Medicare was liable for payment.

(j-5) For State fiscal year 2004, all payments described in this Section shall be multiplied by the proration factor.

(k) As provided in Section 5A-14, this Section is repealed on July 1, 2005.

(Source: P.A. 93-659, eff. 2-3-04; 93-841, eff. 7-30-04.)

Section 99. Effective date. This Act takes effect upon becoming law.